



## **MICHIGAN**

To: Honorable Members of the House Financial Services Committee  
From: Charles Owens, State Director  
Date: Wednesday, April 11, 2018  
RE: House Bill 5181

We are writing to inform you of our opposition to House Bill 5181 as it is currently drafted. This proposed legislation would change the current procedures for an owner and a secured party to recover an abandoned vehicle.

Whether intended or not, the bill as drafted would put a small business (towing companies) in the position of having to attempt collection of unpaid towing and storage charges from their own customer (police departments) when errors have occurred that are not the fault of the towing company. In all likelihood, a towing company would end up being unpaid rather than create a hostile relationship with a source of revenue. While we understand that the bill seeks to ease the process for secured parties to protect their collateral interest in the recovery an abandoned vehicle, placing a new undue burden on small business to accomplish this is unacceptable.

Since most secured parties are financial institutions with significant legal resources, it is likely they will pursue the new remedies provided in the proposed legislation at the expense of small businesses that provide towing and storage services.

We understand that representatives of the towing and storage trade have attempted to resolve the deficiencies in House Bill 5181 and we would encourage that process to continue until such time as they can agree to support a revised bill.

Again, we ask you to seek further amendments to House Bill 5181 to address the concerns of small business and to vote no the bill without these changes. We thank you for your support of Michigan's small business owners.

## Sondra Gordon

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**From:** Office Email <asap@asapsalesandservice.com>  
**Sent:** Monday, April 9, 2018 2:38 PM  
**To:** Sondra Gordon  
**Subject:** HB5181

Dear Committee,

I just wanted to reach out to you about HB 5181. This is the bill that would allow lienholders of an abandoned vehicle to obtain release of the vehicle and sue the tower and PD over the impound and towing and storage fees. We are deadlocked with the bill sponsor and the interest group (credit unions) pushing the bill over the

court process section. Specifically, we have asked for some very specific language ensuring our ability to get paid for the services we provided when we (the tower) are not at fault and have complied with the law as we are required to do. The language in the last draft that our lobbyist saw does not satisfy this principle and places us in the position of having to collect payment in some situations from the police agency (our customers) when they are at fault. My experience with this is that I (and other towers) eat the cost for mistakes made by PDs. This is not fair and I ask you to stand with us and oppose this legislation until our concerns are addressed.

I also have other concerns with the bill. They give us permission to charge a fee for vehicle inspections and then caps the fee at \$50. This is unnecessary as current law does not preclude us from charging an inspection fee, nor does it regulate how much we can charge for providing such a service. Many towers charge and many others do not. This language should be changed to stipulate that a tower can't refuse access to the vehicle, but may charge a reasonable fee. Fees cover the expense of having employees available to accompany the individual inspecting the vehicle. I have to make a person available for this service, so the reasonable fee covers staffing to be with the person inspecting the vehicle to make sure items are not stolen and other damage or injury does not occur. Establishing a cap is unfair and will

surely lead to more towers charging a fee where they don't currently do so.

My overall concern with this bill is that it benefits the lienholder as if they are the vehicle owner yet does not extend any of the responsibility the owner has to pay the accumulated towing bill to the lienholder. The lienholder really gets the best of all worlds. All of the benefits with without any of the responsibility to pay the bill or dispose of the vehicle. They walk just like the owners do. Except, the owner can be held responsible, but this isn't extended to the lienholder. As a small business owner, this is unfair to us and is another way for lienholders to dump vehicles on us.

We have provided a service and should be entitled to receive full payment for those services (if we have complied with the provisions of the law). This bill does not do that and for this, I ask you to oppose it.

Lienholders have never done anything free of charge for me or anyone else, and we should not have to do anything for them.

Please feel free to contact me to further discuss this issue.

Larry Richards  
ASAP/Alma Towing  
Alma, MI  
989-466-2727

## Sondra Gordon

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**From:** Americantowing .Inc <americantowinginc@yahoo.com>  
**Sent:** Monday, April 9, 2018 7:01 PM  
**To:** Rep. Tom Leonard (District 93)  
**Cc:** Sondra Gordon  
**Subject:** HB 5181

Sent from Mail for Windows 10

Dear Mr. Leonard,

My name is John and I am the President of American Towing, Inc which is located at 15890 S US 27, Lansing, MI 48906 in Dewitt township Clinton County.

I am writing this email concerning HB 5181 and asking you to vote against this. This bill would allow lein holders to sue the towing companies and police department over an abandoned vehicle.

- 1) Allows secured parties to sue the custodian over the towing and storage. Under current law, the owner is the only party who can sue the custodian over fees. This will be another tool used by the secured party to intimidate and harass the custodian. Furthermore, the proposed language leaves custodians holding the bag for police agency errors. Rather than releasing the bond to the custodian when we are not fault, the bill proposes to let us collect from the police agency. When is the last time your police agencies reimbursed you for an error they caused? The MTA has offered language (rejected by the bill sponsor) that holds police agencies responsible for their errors!

As it is lein holders pick and choose which vehicles they want to pick up leaving us with no resource to hold them responsible, but gives them every right that the registered owner has with no consequences. How does that seem right. While I have no objection to a "secured party" redeeming a vehicle, I do have an issue with the language that allows them the opportunity to contest the towing and storage fees. This is nothing more than opening a door for a lien holder to intimidate a small business with legal expenses.

My overall concern with this bill is that it benefits the lienholder as if they are the vehicle owner yet does not extend any of the responsibility the owner has to pay the accumulated towing bill to the lienholder. The lienholder really gets the best of all worlds. All of the benefits with without any of the responsibility to pay the bill or dispose of the vehicle. They walk just like the owners do. Except, the owner can be held responsible, but this isn't extended to the lienholder. As a small business owner, this is unfair to us and is another way for lienholders to dump vehicles on us

We are the business that tows and stores the vehicle, which means we provide the tow truck driver (which we pay), all insurances, (work com, truck, on hook, cargo and lot insurance. Which we pay) the truck (which we pay, fuel, maintenance, truck payment, repairs, plates and licensing) Dispatcher (which we pay to answer phone calls and dispatch them) I don't see how we provide the service and then they can sue and dump vehicles they don't want to pick up.. Something is terribly wrong with this picture. If we provide the service we should be paid.

This is big business wanting everything their way with no consequences.

We are respectfully asking you vote "NO" on House Bill 5181.

Thank you for you time,

Dear Representative Afendoulis:

I am writing you regarding House Bill 5181 and am respectfully urging you to oppose this bill.

I am co-owner of a locally owned towing and recovery business in Wyoming MI. We tow vehicles to our facility for a variety of reasons; accidents, impaired driving impounds, abandoned on the highway impounds and so on. These vehicles can be owned individually, with or without lienholders.

A considerable number of the vehicles that end up in our yards, become abandoned with us for lack of insurance coverage and, or, because they have nothing but scrap value. These vehicles most always bring far less revenue at public auction than the towing and storage fees that have accrued.

Our industry and our business does not need less revenue for the service that we provide, but we need to be able to keep the revenue that we earn.

This bill would give owner like rights, (to sue the custodian over the towing and storage ) with no additional responsibilities to the lienholders. Under current law, the owner is the only party who can sue the custodian over fees.

This bill also proposes that the towers should attempt to collect the towing and storage fees from a police agency if a mistake is made by the police agency. That is a laughable suggestion, as most all municipal agencies have no funds for such items.

This bill prohibits the custodian from collecting a capped \$50.00 gate or inspection fee from the vehicle's owner. There should not be a restriction on the option to charge the owner a reasonable fee for the time and manpower to accommodate the inspection and the gathering of personal belongings.

Once again, I respectfully urge you to vote NO on House Bill 5181.

Mark Fredette

President

Merl's Towing Service and Grand Rapids Towing

616-538-1320

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